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**IN THE UNITED STATES BANKRUPTCY COURT  
 FOR THE NORTHERN DISTRICT OF TEXAS  
 DALLAS DIVISION**

In Re:  THE JUMBA, LLC  <div style="text-align: right;">Debtor.</div>	§ § § § § § §	Case No. 22-31740-11
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**DEBTOR’S MOTION TO SELL PROPERTY OF THE ESTATE FREE AND  
 CLEAR OF LIENS, CLAIMS AND ENCUMBRANCES UNDER 11 U.S.C.  
§ 363(b) AND (f) WITH LIENS ATTACHING TO PROCEEDS AND  
 REMAINING RAW LAND**

The business of the Debtor-In-Possession is land development. The Jumba, LLC owns raw land in Parker, Jack and Johnson Counties. As the Debtor has been engaged in the sale of its land, in connection the builder of homes on each track, the consummation of land and home sales is in the ordinary course of the Debtor’s business, which would not customarily require Court approval. The circumstance that brings the Debtor before this Court for approval of *Debtor’s Motion to Sell Property of the Estate Free and Clear of Liens, Claims, and Encumbrances under 11 U.S.C. § 363(b) and (f) with Liens Attaching To Proceeds and Remaining Raw Land* is due to Debtor’s lienholder on the Johnson County Property refusing to provide partial lien releases to close on six (6) homes under contract at this time. As good cause exists to complete these real estate sales, and lienholder, C&G Realty E, LLC (“C&G”), is fully protected and over-secured, the relief sought is

appropriate at this time.

### **HISTORY OF THE MORTGAGE DEBT**

1. On October 7, 2021 and Humpheries, through their company, C&G, sold approximately 556.81 acres (hereinafter the “Johnson Property”) to the Debtor for the purchase price of \$4,538,001.50. The same was to be paid for by a \$20,000.00 deposit and \$1,010,822.21 down-payment followed by 10 monthly interest payments, with the balance due on August 8, 2022. The purchase was documented by a Real Estate Lien Note, Security Agreement, Deed of Trust, Financing Statement and Absolute Assignment of Rents [Jointly the “Purchase Agreement”] of the same date.

2. Mr. Brian Frazier, a homebuilder, a representative for the Debtor, also personally guaranteed purchase obligations of the Debtor.

3. The Purchase Agreement expressly contemplated the development of the land, the construction of homes on the Johnson County Property, with the sales of each home. C&G agreed to executing partial releases on each home sale in exchange for a lump sum payment of \$500,000.00 to be applied to reduce the principal balance.

4. Pursuant to a joint venture with Mr. Frazier’s homebuilding business, the Debtor had all six homes substantially completed and had them scheduled for closings in early August. The maturity date on the Note obligation to C&G was August 8, 2022 and the Debtor was unable to obtain commitments from the various homebuyers and their lenders that all would be ready to close by that date. So, the Debtor sought a short extension.

5. The material terms of all home sales were shared with C&G prior to the maturity date and an extension of the maturity date was sought to enable the Debtor to complete the sales.

6. Due to the passage of the maturity deadline, C&G sent a 5-day Notice to Cure, rejecting the terms of proposed forbearance and partial releases.

7. Although an even more generous offer for a short forbearance was submitted by Debtor's counsel in September, C&G rejected it and posted the Johnson County Property for Foreclosure. This posting further jeopardizes the existing home contracts.

8. As each day passes, the increase in inventory on the market, and changing interest rates, also jeopardize the Debtor's ability to close on all six (6) homes with the original buyers.

9. C&G has also now posted the Johnson County Property for foreclosure sale on October 04, 2022, concerning lenders who have committed to homeowners' loans for these purchases.

10. The Jumba, LLC (the "Debtor") filed its voluntary chapter 11 petition on September 23, 2022 because the value of the Johnson County Property far exceeds the debt due to C&G.

11. Similar raw land in the same area as the Johnson County Property is presently listed for between \$28,045 per acre up to \$50,586.80 per acre in September of 2022. Thus, the land itself is worth in excess of \$15 million at this time.

12. The fact that approximately 60 acres have been improved with luxury homes, has increased the value by more than \$3 million. Additionally, there is a small rental house on the property valued at approximately \$300,000.00.

13. Lenders on other land of the Debtor have accepted the difficulties in the homebuilding and real estate markets since March of 2020 and worked with the Debtor. Unfortunately, C&G has not been willing to provide an extension on the maturity date, nor partial releases to facilitate closings on the homes and partial payments on the principal debt.

14. Bankruptcy was filed to save the Debtor's substantial equity in the Johnson County Property.

WHEREFORE the Debtor seeks to proceed with sales of the homes on its Johnson County Property, free and clear of liens, with the C&G lien attaching to the net proceeds followed by full payment on C&G's secured claim after the sale of these homes.

**THE SALES WILL FULLY SATISFY THE SECURED DEBT TO C&G**

15. The sales prices of the homes are between \$459,000.00 and \$579,000.00.
16. The sales should yield approximately \$3,000,000.00 with the agreement by the builder to take nothing on its constitutional liens out of these sales.
17. According to C&G's written demand, the principal balance as of August 9, 2022 was \$3,488,001.56, with additional default interest of \$17,814.47 and interest accruing at the rate of \$573.37 per day.
18. The additional funds to pay C&G in full, including its legal fees for posting the foreclosure, will then come from non-debtor, Brian Frazier, pursuant to his guarantor obligations.
19. As each sale closes, the net proceeds (after taxes, title insurance, realtor commissions and escrow agent fees) will go into an escrow account with Priority Settlement Services and C&G's lien will transfer from the homes and lots to the cash.
20. After all six homes have closed, the Escrow Officer will advise C&G, in writing, and request an updated payoff.
21. If necessary, the Debtor also seeks authority to sell the small rental house on the property to add to the payoff funds. This house on two acres has an approximate value of \$300,000.00.
22. Brian Frazier will then deposit the additional needed funds into the escrow account.
23. The Debtor will then seek authority to pay the lump sum to C&G in exchange for an executed release of its lien on all of the Johnson County Property and a Cancellation of the Note and Security Agreement and Release of the Deed of Trust in recordable form.

24. If the updated payoff is disputed, this Court shall determine the lien amount to be paid. However, if undisputed, payment and releases can be accomplished as in the ordinary course of the Debtor's business.

25. The Jumba, LLC (the "Debtor") filed its voluntary chapter 11 petition on September 23, 2022, to enable it to complete the home sales and pay C&G in full. As the homes and raw land far exceed the amount of the lien of C&G, it is adequately protected by this sales process.

Respectfully submitted,

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Attorneys for The Jumba, LLC, Debtor-In-Possession

### **CERTIFICATE OF SERVICE**

The undersigned hereby certifies that a true and correct copy of the foregoing document was served this 23rd day of September, 2022 by electronic transmission through the Court's automated Case Management and Electronic Docketing System for the U. S. Bankruptcy Court for the Northern District of Texas on all parties-in-interest submitting to service of papers in this case by said means and via first class mail, postage prepaid on the following:

U.S. Trustee  
1100 Commerce Street, Room 976  
Dallas, TX 75242-1496

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